

PRESTON DuFAUCHARD  
 California Corporations Commissioner  
 WAYNE STRUMPFER  
 Deputy Commissioner  
 ALAN S. WEINGER (CA BAR NO. 86717)  
 Lead Corporations Counsel  
 MARY ANN SMITH (CA BAR NO. 230943)  
 Senior Corporations Counsel  
 Department of Corporations  
 1515 K Street, Suite 2090  
 Sacramento, California 95814  
 Telephone: (916) 322-6067  
 Facsimile: (916) 445-6985

Attorneys for Complainant

BEFORE THE DEPARTMENT OF CORPORATIONS  
 OF THE STATE OF CALIFORNIA

In the Matter of	)	CASE NO.
	)	
THE CALIFORNIA CORPORATIONS	)	FILE NO. 506-2116
COMMISSIONER,	)	
	)	
Complainant,	)	
v.	)	ACCUSATION
	)	
ESTATE FINANCIAL, INC.,	)	
	)	
Respondent.	)	
	)	
	)	
	)	
	)	

Preston DuFauchard, the California Corporations Commissioner ("Commissioner") of the Department of Corporations ("Department") alleges and charges as follows:

- Estate Financial, Inc. is a California corporation located at 806 9th Street, Suite 1A, Paso Robles, California 93446.

2. On October 11, 2007, the Commissioner issued a permit under Corporations Code section 25113 to Estate Financial, Inc. to offer and sell securities in the form of fractional interests in notes secured by deeds of trust in California. The permit expires on October 11, 2008.

3. The permit was issued under a limited offering qualification authorizing the offer and sale of Respondent's securities only to investors with (a) a net worth (exclusive of home, furnishings and automobiles) of at least \$250,000 and an annual gross income of at least \$65,000; or (b) a net worth (exclusive of home, furnishings and automobiles) of at least \$500,000 and the amount of each investor's investment must not exceed 25% of such investor's net worth (exclusive of home, furnishings and automobiles.)

4. In April 2008, the Department determined that Respondent was violating the terms of the Permit in the following manner:

a. Failing to disclose that Respondent was no longer making monthly interest payments to investors in the Fund in direct contradiction of the representations made in the Offering Circular.

b. Failing to provide prospective investors with the subscription agreement, operating agreement and suitability questionnaire prior to accepting investment funds.

5. Corporations Code section 25140(a)(1) provides in pertinent part as follows:  
The commissioner . . . may suspend or revoke any permit issued under Section 25113 or 25122 if he or she finds (A) that the order is in the public interest and (B) that the proposed plan of business of the issuer or the proposed issuance or sale of securities is not fair, just, or equitable, or that the issuer does not intend to transact its business fairly and honestly, or that the securities proposed to be issued or the method to be used in issuing them will tend to work a fraud upon the purchaser thereof.

6. Corporations Code section 25143(a) provides in pertinent part as follows:

1 The commissioner may by order summarily postpone or suspend the effectiveness of any  
2 qualification pending final determination of any proceeding under this chapter. Upon the  
3 entry of the order, the commissioner shall promptly notify each person specified in  
4 subdivision (b) of this section that is has been entered and of the reasons therefor and that  
5 upon receipt of a written request the matter will be set down for hearing to commence within  
6 15 business days after such receipt unless the applicant consents to a later date. If no hearing  
7 is requested and none is ordered by the commissioner, the order will remain in effect until it  
8 is modified or vacated by the commissioner. If a hearing is requested or ordered, the  
9 commissioner, after notice and hearing in accordance with subdivision (b) of this section,  
10 may modify or vacate the order or extend it until final determination.

13 7. The Commissioner finds that summarily suspending the permit issued to Respondent is in the  
14 public interest and that Respondent's proposed plan of business and proposed issuance of securities  
15 is no longer fair, just and equitable because the Respondent's Offering Circular contains material  
16 misrepresentations about the investment and the Respondent is not conducting business as disclosed  
17 in the Offering Circular.

19 8. The Commissioner finds that revoking the permit issued to Respondent is in the public  
20 interest and that Respondent's proposed plan of business and proposed issuance of securities is no  
21 longer fair, just and equitable because the Respondent's Offering Circular contains material  
22 misrepresentations about the investment and the Respondent is not conducting business as disclosed  
23 in the Offering Circular.

25 WHEREFORE, that the permit issued under Corporations Code section 25113 to Estate  
26 Financial, Inc. is summarily suspended as of this date.

1 WHEREFORE, IT IS PRAYED that the permit issued under Corporations Code section  
2 25113 to Estate Financial, Inc. be revoked.

3 Dated: April 28, 2008  
4 Sacramento, California

5 PRESTON DuFAUCHARD  
6 California Corporations Commissioner

7  
8 By \_\_\_\_\_  
9 Mary Ann Smith  
10 Senior Corporations Counsel  
11 Enforcement Division  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28